

SERVICE QUALITY AND STUDENT SATISFACTION: A CASE STUDY IN PRIVATE MANAGEMENT INSTITUTIONS IN CHITTOOR DISTRICT OF ANDHRA PRADESH

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ABSTRACT

The competitive academic environment is prevailing especially in the state of Andhra Pradesh due to establishment of large number of Management Institutions. The aspirants have many options available to them to choose good institution to pursue their education and hence the factors that enable management education institutions to attract and retain students should be seriously studied. This study made an attempt to examine the relationship between service quality dimensions in such as Tangibility, Responsiveness, Reliability, Assurance and Empathy and students satisfaction. Furthermore, this study is also examines critical factors in service quality dimensions such as tangibility, responsiveness, reliability, assurance and empathy that contributes most to the satisfaction of the students. This study was conducted using the questionnaire to 185 students from private Management Education Institutions. The collected data was analyzed through MS Excel and 'Statistical Package for Social Science' software to get the results from empirical test of these relationships. The study also tested reliability of the instrument to enable to produce a robust and valid result. The empirical results of this study support the Parasuraman's SERVQUAL, which related to the factors contributing to students satisfaction.

KEYWORDS: Service Quality, Student Satisfaction, SERVQUAL, Private Management Institutions and Regression Co-Efficients

1. INTRODUCTION

1.1. Academic Environment

The competitive academic environment is prevailing especially in the state of Andhra Pradesh due to establishment of large number of Management Institutions. The aspirants have many options available to them to choose good institution to pursue their education and hence the factors that enable management education institutions to attract and retain students should be seriously studied. During the last few years, many institutions have applied for closure of course because of low student strength. Institutions which want to gain competitive edge in the future, may need to start searching for effective and creative ways to attract, retain and foster stronger relationships with students. As a private organization, it has to depend on the interaction and mechanism of the market. As a result, competition to get as many students as possible or so-called "potential customer" may become more and more intense. To make the matter harder, as a private institution, it does not have the "privilege" to receive any subsidies or financial assistances from the government. The failure of the institutions in fulfilling the expectation of students is the key factor for low enrollment in the colleges and migration of students to other institutions. Hence, most of the institutions do give a great deal of importance to meeting customers'

expectations which is similar to business organization, but they still lack of awareness among the staff regarding student requirements and it has become a common drawback for many institutions. This bring us to an understanding that students will have more opportunity to support their continued enrollment in to higher educational institutions and on how well the educational programs and services met students expectations for services. In this competitive market, satisfaction with services may make the difference. This study attempts to explore the aspects of service quality and the level of satisfaction among the students pursuing professional education in Andhra Pradesh.

1.2. Problem Statement

According to news report around 700 management institutes or 4 percent of all B-schools in India are expected to be closed this year, twice as many as last year. The reasons behind the closure are said to be faculty shortage, lack of students, substandard curriculum and poor infrastructure reported the Financial Express. List of states whose business schools have applied for closure have Andhra Pradesh on top with 36 such institutes, followed by Rajasthan with 25 and Uttar Pradesh with 18. Total seat capacity of all these institutes is almost 10,000. Recently, the Mumbai Business School wound up after three years of operation due to lack of students. It provided a one-year full-time programme in management, similar to the one offered by the Hyderabad-based Indian School of Business. Last year, 40 B-schools requested closure according to the All-India India Council for Technical Education (AICTE), which prescribes norms for faculty and approval for establishment of new institutes. India has nearly 4,000 B-schools with total capacity of 3.5 lakhs of seats altogether. Every year, around 60-70 institutes get added to the list. The council is still processing the applications of institutes with respect to the closure of courses and it may happen once the respective state government and affiliating University submit their report. This study attempts to explore the aspects of service quality and the level of satisfaction among the students pursuing management education in Andhra Pradesh.

1.3. Research Questions

- What is the relationship between service quality dimensions and satisfaction among the students in two private management education institutions?
- What are critical factors in service quality that contribute most to the satisfaction of the students?

1.4. Significance of the Study

Enhancing service quality has been demonstrated across numerous industries. The quality of service that can be applied to management institutions, especially to private management institutions, differentiates them from other. Institutions attempting to compete at academic levels with other HEIs should offer an added advantage to champion quality services to their students. Notably, it can even be assumed to be an important road to the competitive excellence for the service oriented organization as by neglecting these aspects of quality services will put such organization at a competitive is advantage compared to its competitors because most of its revenues are enrollment related thus affecting its financial health. This study is important because it is going to measure the level of service quality and the level of satisfaction among the students. The result from the study can be used to give valuable information on the elements and the dimensions, which have been given a priority by students in assessing the quality of services and satisfaction. In addition to that, this study is going to provide the conclusions and some recommendations, which are hoped that it's going to provide useful information to the private management education institutions.

2. REVIEW OF LITERATURE

2.1. Student Satisfaction

Kotler and Clarke (1987) define satisfaction as a state felt by a person who has experience performance or an outcome that fulfill his or her expectation. Satisfaction is a function of relative level of expectations and perceives performance. The expectation may go as far as before the students even enter the higher education, suggesting that it is important to the researchers to determine first what the students expect before entering the university (Palacio, Meneses and Perez, 2002).

2.2. Service Quality

A definition of quality revolves around the idea that quality has to be judged on the assessment of the user or consumer of the service. The construct of quality as conceptualized in the services literature is based on the *perceived quality*. Perceived quality is defined as the consumer's judgment about an entity's overall experience or superiority (Zeithaml, 1987; Zammuto et al. 1996). Similarly, Parasuraman, Zeithaml and Berry (1990) also concluded that consumer perceptions of service quality result from comparing expectations prior to receiving the service, and their actual experience of the service. Perceived quality is also seen as a form of attitude, related to, but not the same as satisfaction, and resulting from a comparison of expectations with perceptions of performance (Rowley, 1996). According to Lassar, Manolis and Winsor (2000), two most prevalent and widely accepted perspectives on service quality include the SERVQUAL model and the Technical/Functional Quality framework. Gronroos (1984) held that service quality is made up of three dimensions "the technical quality of the outcome", "the functional quality of the encounter" and "the company corporate image". He argued that in examining the determinants of quality, it is necessary to differentiate between quality associated with the process of service delivery and quality associated with the outcome of service, judged by the consumer after the service is performed. Parasuraman, Zeithaml and Berry (1985) however listed ten determinants of service quality that can be generalized to any type of service. The ten dimensions include tangibility, reliability, responsiveness, competence, access, courtesy, communication, credibility, security and understanding. In addition, these ten dimensions were then regrouped in the well-known five dimensions in the SERVQUAL model (Parasuraman et al., 1990) which include assurance, empathy, reliability, responsiveness and tangibility.

2.3. Service Quality and Students Satisfaction

Service Quality is commonly noted as a critical prerequisite for establishing and sustaining satisfying relationship with valued customers. In this way, the association between service quality and customer satisfaction has emerged as a topic of significant and strategic concern (Cronin and Taylor, 1992). In general, perceived service quality is an antecedent to satisfaction (Spreng and Mckoy, 1996). Thus, a proper understanding of the antecedents and determinants of customer satisfaction can be seen as to have an extraordinarily high monetary value for service organization in a competitive environment (Lassar, Manolis and Winsor, 2000). Bigne, Moliner and Sanchez (2003) found that the overall service quality have a significant relationship with satisfaction at $R = 0.66$. Ham and Hayduk (2003) have confirmed that, even in the higher educational settings, there is a positive correlation between perception of service quality and student satisfaction, and analyzing upon the relationship based on each of the dimension of service quality, reliability ($R = 0.547$; sig. = 0.000) has the strongest relationship followed by responsiveness and empathy ($R = 0.5431$; sig. = 0.000), assurance ($R = 0.492$; sig. = 0.000) and tangibility ($R = 0.423$; sig. = 0.000).

3. OBJECTIVES OF STUDY

The following are the objectives of the study:

To examine the relationship between service quality dimensions (Tangibility, Responsiveness, Reliability, Assurance and Empathy) and students satisfaction.

To examine critical factors in service quality (Tangibility, Responsiveness, Reliability, Assurance and Empathy) that contributes most to satisfaction.

4. METHODOLOGY

The following methodology is adopted to study the above objectives. The study is adopted from Parasuraman's SERVQUAL dimensions. The dependent variable in this study is overall student satisfaction in the Management Education Institutions. The independent variable in this study is service quality in higher education that measures the level of satisfaction with service performance. The dimensions included in this variable are tangibility, assurance, responsiveness, reliability and empathy.

The samples were selected through mixed random sampling method from students studying in Private Management Educational Institutions in Chittoor District. The Primary Data was collected through questionnaire used in the present research. The questionnaire was administered to the students during free time in the college. We have distributed 200 questionnaires and finally 185 respondents were completed and returned the questionnaires, which represents about 92.5% response rate.

There are three sections in the questionnaire, consisting of Section A: General information about name and specialization, Section B: Measurement of Service Quality and Section C: Measurement of Student Satisfaction. Research instrument used in this research is adopted from Parasuraman et al. (1990) and some of the items extracted from LeBlanc and Nguyen (1997) using the five dimensions in service quality (tangibility, assurance, reliability, responsiveness and empathy) using the Likert scale from 1 to 7. The collected data was analyzed through MS Excel and 'Statistical Package for Social Science' software. The study also tested reliability of the instrument to enable to produce a robust and valid result.

5. FINDINGS

5.1. Profiles of the Respondents

The demographic information includes the following characteristic of participants: gender, age, semester of study and ethnicity. The demographics information is represented in Table 1 based on frequency distributions and percentages.

Table 1: Profile of Respondents

| Variables | Frequency | Percentage |
|--------------------|-----------|------------|
| Gender | | |
| Male | 106 | 57.30 |
| Female | 79 | 42.70 |
| Nationality | | |
| Indian | 179 | 96.75 |
| Others | 6 | 3.25 |

The above Table 1 indicates that among 185 respondents in the study, 106 (57.30) are male and 79 (42.70) are females. The Most of the respondents are in the fourth semester of their study (77.4%). Majority of the respondents are Indians (97 %) and remaining are from Nepal (3 %).

5.2. Descriptive Statistics of the Variables in the Model of the Study

Descriptive Statistics of the variables in the model is presented in the following Table 2.

Table 2: Descriptive Statistics of the Variables

| Particulars | Independent Service Quality Variables | | | | | Dependent Variable |
|--------------------|---------------------------------------|-----------|-------------|----------------|----------|--------------------|
| | Tangibility | Assurance | Reliability | Responsiveness | Empathy | Satisfaction |
| No of Items | 5 | 5 | 4 | 5 | 5 | 3 |
| Mean | 4.78810811 | 4.909189 | 4.811892 | 4.643243 | 4.699459 | 3.405405 |
| Standard Deviation | 0.66141251 | 0.779334 | 1.007186 | 1.11701 | 1.085502 | 0.910669 |
| Minimum | 3 | 2 | 0 | 0 | 0 | 0 |
| Maximum | 6.4 | 6.4 | 6.6 | 7 | 6.6 | 5 |
| N | 185 | 185 | 185 | 185 | 185 | 185 |

For the dependent variable: student satisfaction contains of three items, while for the independent variable service quality, each of the dimension starting with tangibility contains 5 items, assurance 5items, reliability 4 items, responsiveness and empathy contains 5 items, totaling 27items. The mean of student satisfaction was (3.41 on a 7-point scale) and service quality with an overall mean of 4.76 (on a 7 point scale). For each dimension, assurance scores the highest (4.90 on a 7-point scale), followed by reliability (4.81 on a 7-point scale), tangibility (4.78 on 7 point scale), empathy (4.69on a 7-point scale) and responsiveness (4.64 on a 7-point scale), and the minimum score for student satisfaction is 1.00 indicating that there are students who felt that their satisfaction is much worse than expected and the maximum score is 7.00 indicating that there are some who felt that the satisfaction was much better than expected. The mean for service quality is 3.41, which can be perceived as students in these management institutions are actually somewhat satisfied with overall service quality. It can be seen that the highest mean score for item under an independent variables was "Innovative and case study solving skill" (mean=5.17; sd=1.0783), followed by "Maintenance of Records" (5.10; sd=1.1187) and "Teaching capability of Lecturers" (5.09;sd=1.2978 0.92) while the lowest score were "Channels for expressing student complaints" (4.35; 1.2586) and "problems are dealt with efficiently and promptly" (4.42;sd=1.1611) which mean that the lowest satisfaction toward the services was related to responsiveness of services and the highest was related to assurance. For the dependent variable (student satisfaction), the item "overall I am satisfied with my decision to attend this institution" (4.89; 1.084) scores the highest value while "If have a choice to do it all over again, I still will enroll in this institution" (4.38; 1.3129) score the lowest.

5.3. Reliability of the Study

Reliability co-efficients (Cronbach alpha co-efficients) of all variables pertaining to all dimensions of service quality have value above 0.75.

5.4. Relationship between Service Quality Dimensions and Students Satisfaction

The correlation results pertaining to relationship between service quality determinants and students satisfaction is provided in Table 3.

Table 3: Service Quality Dimensions and Students Satisfaction – Correlation Results

| Particulars | Tangibility | Assurance | Reliability | Responsiveness | Empathy | Satisfaction |
|----------------|-------------|-----------|-------------|----------------|----------|--------------|
| Tangibility | 1 | | | | | |
| Assurance | 0.616588 | 1 | | | | |
| Reliability | 0.438152 | 0.467776 | 1 | | | |
| Responsiveness | 0.409851 | 0.475454 | 0.779853 | 1 | | |
| Empathy | 0.398006 | 0.418037 | 0.814551 | 0.758234 | 1 | |
| Satisfaction | 0.351371 | 0.397134 | 0.693311 | 0.702941 | 0.742979 | 1 |

Table 3 indicate that there are significant and positive relationship between tangibility, assurance, reliability, responsiveness, and empathy and overall service quality to students satisfaction. From the output, empathy has the strongest relationship with satisfaction followed by responsiveness, reliability, assurance and tangibility. The relationship between tangibility and student satisfaction is $r=0.3514$ and it indicates the tangibility has a moderate relationship towards satisfaction similar with assurance ($r=0.3971$), Reliability ($r=0.6933$) and responsiveness ($r=0.7029$). Empathy show a stronger relationship with satisfaction with $r=0.7429$. The relationship between overall service quality and students satisfaction is 0.74303 meaning that the relationship is stronger than moderate. Furthermore, the results indicate that all the dimensions are correlated and significant with one another. Therefore, the results proven that the service quality dimensions (tangibility, assurance, responsiveness, reliability and empathy) have a significant relationship with students satisfaction.

5.5. Critical Factors in Service Quality

Table 4: Regression Results

| Regression Statistics | |
|-----------------------|----------|
| Multiple R | 0.776655 |
| R Square | 0.603192 |
| Adjusted R Square | 0.592108 |
| Standard Error | 0.581612 |
| Observations | 185 |

Anova

| Particulars | df | Sum of Squares | Mean of Squares | f-Statistic | Significance of 'f' |
|--------------|------------|-----------------|-----------------|-------------|---------------------|
| Regression | 5 | 92.04391 | 18.40878 | 54.42006 | 3.64E-34 |
| Residual | 179 | 60.55068 | 0.338272 | | |
| Total | 184 | 152.5946 | | | |

Regression Co-Efficients

| Particulars | Co-Efficients | Standard Errors | t-Statistic | p-Value | Lower 95% | Upper 95% |
|----------------|---------------|-----------------|-------------|----------|-----------|-----------|
| Intercept | -0.00351 | 0.333408 | -0.01052 | 0.991615 | -0.66142 | 0.654407 |
| Tangibility | -0.00622 | 0.084417 | -0.07371 | 0.941325 | -0.1728 | 0.160359 |
| Assurance | 0.043314 | 0.07376 | 0.58723 | 0.557789 | -0.10224 | 0.188865 |
| Reliability | 0.10766 | 0.082469 | 1.305468 | 0.193409 | -0.05508 | 0.270396 |
| Responsiveness | 0.220342 | 0.066348 | 3.321011 | 0.001087 | 0.089417 | 0.351266 |
| Empathy | 0.358535 | 0.072442 | 4.949252 | 0.00 | 0.215584 | 0.501485 |

In the Table 4 the results show that $R^2=0.6032$ (adjusted $R^2=0.5921$), meaning that 59.21% of the variance in students satisfaction are explained by the five dimensions provided in the output. The F statistics produced ($F=54.42$) is

significant at the 0.000. From this result, empathy (unstandardized coefficients B is 0.3585 at sign. T =4.949), responsiveness (unstandardized coefficients B is 0.2203 at sign. T=3.321) and reliability (unstandardized coefficients B is 0.1076 at sign. T= 1.305) are not significantly related with satisfaction. From the results, it is apparent that two dimensions (empathy and responsiveness) are consistently more significant than the other dimensions (tangibility, reliability, assurance). It mean empathy and responsiveness are the two critical factors that contribute most to students satisfaction.

6. CONCLUSIONS AND RECOMMENDATIONS

From the results, it is clear that service quality has significant positive relationship with student satisfaction. Thus, it confirms what other literature try to suggest here, which is by improving service quality, it may potentially improve the students satisfaction as well and that is the priority of the private higher institutions due to the fact that they have to compete to earn interest from the students to study there. It is important to verify here that from the regression analysis, two dimensions in service quality empathy and responsiveness are the most critical factor in explaining students satisfaction. Whatever done to increase empathy and responsiveness in service quality has been widely accepted as an antecedent of satisfaction and neglecting it may jeopardize the competitiveness of an organizations as satisfaction and competitiveness of a service related organizations are inter-related. For that, denying or neglecting the importance of service quality is the same like risking the continuation and the competitiveness of the institutions because by taking it into consideration service quality can actually explain almost 59% variance in satisfaction. More than that, by focusing on critical factor in service quality especially empathy and responsiveness mean that the institution is paving a way toward a better evaluation in satisfaction.

7. REFERENCES

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